

**08 C 862**

**JUDGE KENNELLY  
MAGISTRATE JUDGE BROWN**

# **EXHIBIT A**

**Part 2 of 14**

Policy Number:

## Property Coverage Part

Various provisions in this policy restrict coverage. Please read the entire policy to determine rights, duties, and what is and is not covered.

Throughout this Coverage Part the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us," and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks also have special meaning. Please refer to SECTION V - DEFINITIONS.

### SECTION I - COVERAGE

#### A. Coverage Provided.

We will pay for direct physical loss to Covered Property at the premises described in the Schedule of Premises caused by or resulting from any Covered Cause of Loss.

##### 1. Covered Property.

Covered Property as used in this Property Coverage Part means the following types of property for which a Limit of Insurance is shown in the Property Coverage Part Declarations or in this Property Coverage Part.

**a. Buildings**, meaning the buildings and structures owned by you or for which you have a financial interest at the premises described in the Schedule of Premises, including:

- (1) Completed additions;
- (2) Fences;
- (3) Machinery and equipment that are permanently installed or permanently attached to a described building or structure;

(4) Your personal property in apartments or rooms furnished by you as a landlord;

(5) Fixtures, including outdoor fixtures;

(6) Outdoor radio and television antennas and satellite dishes used as antennas, including their lead-in wiring, masts and towers.

(7) Personal property owned by you that is used to maintain or service the described buildings or structures or the premises, including:

(a) Fire extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings;

(d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering; and

(e) Lawn maintenance and snow removal equipment; and

(8) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the buildings or structures; and

(b) Materials, equipment, supplies and temporary structures you own, on or within 1,000 feet of the premises described in the Schedule of Premises, used for making additions, alterations or repairs to the buildings or structures.

**b. Business Personal Property** located in or on the buildings at the premises described in the Schedule of Premises, in the open, or in a vehicle. The Business

Personal Property must be within 1,000 feet of the described premises. Business Personal Property means:

- (1) Property you own or lease that is used in your business;
- (2) Property of others that is in your care, custody or control, including the cost of labor, materials or services furnished or arranged by you on such property;

(3) "Contractors' tools and equipment."

(4) Tenant's improvements and betterments.

Improvements and betterments are fixtures, alterations, installations or additions:

(a) Made a part of the building or structure you occupy but do not own; and

(b) You acquired or made at your expense but cannot legally remove;

(5) If you are a condominium unit-owner, fixtures, improvements and alterations making up part of your unit and owned by you; and

(6) Furs, jewelry, patterns. The most we will pay for loss by "theft" to the following types of Business Personal Property is:

(a) \$2,500 as an aggregate per loss for all furs, fur garments and garments trimmed with fur;

(b) \$5,000 as an aggregate per loss for all jewelry, bullion, watches, watch movements, jewels, pearls, precious and semi-precious stones, gold, silver, platinum, and

other precious alloys or metals. This limit does not apply to jewelry and watches worth \$500 or less per item; and

(c) \$5,000 as an aggregate per loss for all patterns, dies, molds and forms.

## 2. Property Not Covered.

Covered Property does not include:

a. Any of the following types of property contained within a unit, regardless of ownership, if a Condominium Association Agreement requires the Association to insure it:

(1) Fixtures, tenant's improvements and betterments, and alterations that are a part of the building; and

(2) Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping;

b. Aircraft;

c. Animals other than "stock" except as provided in SECTION I. A. 3. b. Animals;

d. Automobiles, motor trucks and other vehicles subject to motor vehicle registration;

e. Contraband, or property in the course of illegal transportation or trade;

f. The cost to research, replace or restore information on "valuable papers and records" and "valuable records which exist on electronic or magnetic media," except as provided in SECTION I. A. 4. q. "valuable papers and records" and "valuable records which exist on electronic or magnetic media";

g. Outdoor trees, shrubs, plants and lawns other than "stock," except as provided in SECTION I. A. 4. i. Outdoor Trees, Shrubs, Plants And Lawns;

h. The value of United States Government taxes and custom duties and refundable state and local taxes paid or fully determined on the following property held for sale:

(1) Distilled spirits;

(2) Wines;

(3) Rectified products; or

(4) Beer;

except as provided in Section I. A. 3. a. Alcoholic Beverages Taxes and Custom Duties;

i. Land and land values, including land on which the property is located, and growing crops;

j. Water; and

k. Watercraft (including motors, equipment and accessories) while afloat.

### 3. Coverage Extensions.

Coverage provided by these Coverage Extensions is included within and subject to the Limits of Insurance shown in the Property Coverage Part Declarations and described in each extension.

#### a. Alcoholic Beverages Taxes and Custom Duties.

If a Limit of Insurance is shown in the Property Coverage Part Declarations for Business Personal Property at the premises where the loss takes place, and if the Exclusion - Theft endorsement is not applicable to the Property Coverage Part, we will cover the value of United States

Government taxes and custom duties and refundable state and local taxes paid or fully determined on the following property held for sale:

(1) Distilled spirits;

(2) Wines;

(3) Rectified products; or

(4) Beer;

for loss caused by "theft."

The value of such taxes and duties will not be considered in determining the value of Covered Property for loss caused by any other Covered Cause of Loss. This value is included within and subject to the Limit of Insurance shown in the Property Coverage Part Declarations for Business Personal Property.

#### b. Animals.

If a Limit of Insurance is shown in the Property Coverage Part Declarations for Business Personal Property at the premises where loss takes place, we will pay for loss to animals in your care, custody or control, other than "stock," caused by:

(1) The "specified causes of loss";

(2) "Theft"; or

(3) Collapse of a building or any part of a building caused by one or more of the following:

(a) The "specified causes of loss" or breakage of building glass, all only as insured against in this policy;

(b) Hidden decay;

(c) Hidden insect or vermin damage;

- (d) Weight of people or personal property;
- (e) Weight of rain that collects on a roof; or
- (f) Use of defective material or methods in construction, remodeling or renovation if the collapse takes place during the course of the construction, remodeling or renovation.

Payment for loss is included within and subject to the Limit of Insurance for Business Personal Property shown in the Property Coverage Part Declarations.

**c. Debris Removal.**

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that takes place during the policy period. The most we will pay is 25% of the sum of:

- (a) The amount we pay for the direct physical loss to Covered Property; plus
- (b) The deductible applicable to that loss;

subject to the Limit of Insurance shown in the Property Coverage Part Declarations for the Covered Property.

This coverage does not apply to expense to:

- (a) Extract, remove, neutralize, test or otherwise respond to "pollutants" in, under or on land or water; or
- (b) Remove, restore or replace polluted land or water.

- (2) We will pay the expense under SECTION I. A. 3. c. (1) above only if the expense is reported to us in writing within 180 days of the earlier of:

- (a) The date of direct physical loss; or
- (b) The end of the policy period.

Please also see the Additional Coverage for Debris Removal in SECTION I. A. 4. d.

**d. "Electronic Data Processing Systems."**

- (1) "Electronic data processing systems" is added to SECTION I. A. 1. b. Business Personal Property and is included within and subject to the Limit of Insurance for Business Personal Property shown in the Property Coverage Part Declarations.

- (2) SECTION IV .B. 6. b. does not apply to this Coverage Extension. Worldwide Coverage is provided for "Electronic data processing systems" used by your employees.

- (3) The following exclusions do not apply to this Coverage Extension:

- (a) SECTION I. C. 1. a. Water
- (b) SECTION I. C. 1. e. Power Failure;
- (c) SECTION I. C. 2. a. Breakage of Fragile Articles;
- (d) SECTION I. C. 2. b. Collapse;
- (e) SECTION I. C. 2. d. Disappearance of Property
- (f) SECTION I. C. 2. f. Electronic Apparatus
- (g) SECTION I. C. 2. g. Exposed Property

- (h) SECTION I. C. 2. i. Freezing;
- (i) SECTION I. C. 2. j. Other Types of Property
- (j) SECTION I. C. 2. k. Smoke, Vapor, Gas; and
- (k) SECTION I. C. 2. 1. Substance Seepage or Leakage.

(4) The following additional exclusions apply to this Coverage Extension:

- (a) We will not pay for loss caused by or resulting from:
  - i. any errors or omissions in programming or instructions related to "Electronic data processing systems";
  - ii. wear and tear, gradual deterioration, hidden or latent defect, or any quality in the property except "viruses" that causes it to damage or destroy itself; and
  - iii. the suspension, lapse, cancellation, repeal, revocation, or refusal of, or any delay in the granting of any license, lease, permit, contract or order;

**e. Outdoor Signs.**

- (1) If you are the building owner, outdoor signs are added to SECTION I. A. 1. a. Buildings and are included within and subject to the Limit of Insurance for Buildings shown in the Property Coverage Part Declarations.
- (2) If you are a tenant or condominium unit-owner, outdoor signs you own or are contractually obligated to insure are added to SECTION I. A. 1. b.

Business Personal Property and are included within and subject to the Limit of Insurance for Business Personal Property shown in the Property Coverage Part Declarations.

**f. Preservation of Property.**

If it is necessary for you to move Covered Property from the described premises to preserve it from imminent loss by a Covered Cause of Loss, we will pay for any direct physical loss taking place as a result of this removal. This coverage applies up to 90 consecutive days after removal begins and is subject to the Limits of Insurance described in SECTION II.

**g. Undamaged Portion of the Building.**

- (1) If a Covered Cause of Loss occurs to covered Building Property or Tenants Improvements and Betterments at the premises designated in the Property Coverage Part Declarations, we will pay for the loss in value of the undamaged portion of the building as a consequence of enforcement of any ordinance or law which is in force at the time of loss that:
  - (a) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss; or
  - (b) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises.

Coverage for Loss to the Undamaged Portion of the Building is included within the Limit of Insurance shown in the Property Coverage Part Declarations as applicable to the covered property. Coverage for Loss to the Undamaged Portion of the Building does not increase the Building or

Tenants Improvements and Betterments Limit of Insurance.

- (2) If the Building property is covered on a replacement cost basis or on a functional replacement cost basis and the property is repaired or replaced on the same or another premises, we will not pay more than the lesser of:

(a) The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to have you restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured if you rebuild on another premises; or

(b) The Limit of Insurance shown in the Property Coverage Part Declarations as applicable to the covered Building property.

- (3) If the Building property is covered on a replacement cost basis and the property is not repaired or replaced, or if the Building property is covered on an actual cash value basis, we will not pay more than the lesser of:

(a) The actual cash value of the building at the time of loss; or

(b) The Limit of Insurance shown in the Property Coverage Part Declarations as applicable to the covered Building property.

- (4) Under this Coverage Extension we will not pay for loss due to the enforcement of any ordinance or law that:

(a) You were required to comply with before the loss, even if the building was undamaged; and

(b) You failed to comply with.

#### **h. Equipment Breakdown and "Perishable Goods"**

- (1) We will pay for direct physical loss to Covered Property, including "perishable goods", caused by or resulting from an "accident" to "covered equipment". If an initial "accident" causes other "accidents", all will be considered one "accident". All "accidents" that are the result of the same event will be considered one "accident".

- (2) The following coverages also apply to direct physical loss caused by or resulting from an "accident" to "covered equipment". These coverages do not provide additional amounts of insurance.

##### **(a) "Expediting Expenses"**

With respect to your damaged Covered Property, we will pay the reasonable extra cost to:

- i. Make temporary repairs; and
- ii. Expedite permanent repairs or permanent replacement.

##### **(b) "Perishable Goods"**

- i. We will pay for your loss of "perishable goods" due to spoilage.
- ii. We will also pay for your loss of "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia.
- iii. We will also pay any necessary expense you incur to reduce the



amount of loss under this coverage. We will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

- iv. If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident", less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Loss Payment condition.

**(c) Pollutants**

We will pay for the additional cost repair or replace Covered Property because of contamination by "pollutants". This includes the additional expenses to clean up or dispose of such property. Additional costs mean those beyond what would have been required had no "pollutants" been involved.

The most we will pay for loss or damaged under this coverage, including actual loss of "Business Income" you sustain and necessary "Extra Expense" you incur, if shown as covered in the Property Coverage Part Declarations, and loss under "Perishable Goods" coverage, is \$25,000.

**(d) CFC Refrigerants**

We will pay for the additional cost to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chloro-fluorocarbon) substances. This means

the additional expense to do the least expensive of the following:

- i. Repair the damaged property and replaced any lost CFC refrigerant;
- ii. Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant.
- iii. Replace the system with one using a non-CFC refrigerant.

Additional costs mean those beyond what would have been required had no CFC refrigerant been involved.

**(e) Service Interruption**

The insurance provided for "Business Income", "Extra Expense" and "Perishable Goods" is extended to apply to loss caused by or resulting from an "accident" causing direct physical loss to equipment that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.

- (3) If "covered equipment" requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf.
- (4) We will not pay under this Coverage Extension for loss or damage caused by or resulting from:

- (a) Any defect, loss of data or other situation within "media". But if loss or damage from an "accident" results, we will pay for that resulting loss or damage; or



**(b)** Any of the following tests:

- i. A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
- ii. An insulation breakdown test of any type of electrical equipment.

- (5)** With respect to Service Interruption coverage and "Perishable Goods" coverage, we will also not pay for loss or damage caused by or resulting from: fire; lightning; windstorm or hail; explosion (except for steam or centrifugal explosion); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing or collapse.

**4. Additional Coverage.**

Coverage provided by these Additional Coverages is in addition to the Limits of Insurance shown in the Property Coverage Part Declarations.

However, we will pay only for loss or damage you sustained through covered causes of loss which occur during the policy period. Regardless of the number of years these Additional Coverages remain in force or the number of premiums paid, no Limit of Insurance is accumulated from policy period to policy period.

**a. Accounts Receivable.****(1)** We will pay:

- (a)** All amounts billed and due from your customers that you are unable to collect;
- (b)** Interest charges on any loan required to off-set amounts you are unable to collect pending our payment;

- (c)** Collection expenses in excess of your normal collection expenses that are made necessary by the loss; and

- (d)** Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from a Covered Cause of Loss to your records of accounts receivable, while these records were located in the building(s) or condominium unit(s) at the location(s) described in the Schedule of Premises. If you remove your records of accounts receivable because of imminent danger of loss from a Covered Cause of Loss, we will pay for accidental loss while they are:

- (a)** At a safe place away from your premises; or
- (b)** Being taken to and returned from that place.

- (2)** The following exclusions apply to this Additional Coverage:

- (a)** We will not pay for loss caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money," "securities" or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding;
- (b)** We will not pay for loss caused by or resulting from bookkeeping, accounting or billing errors or omissions;

(c) We will not pay for loss that solely depends on any audit of records or any inventory computation to prove its factual existence;

(d) SECTION I. C. 1. c. Government Action;

(e) SECTION I. C. 1. d. Nuclear Hazard;

(f) SECTION I. C. 1. f. War and Military Action;

(g) SECTION I. C. 2.c. Consequential Loss;

(h) SECTION I. C. 2. e. Dishonesty; and

(i) SECTION I. C. 2. h. False Pretense.

No other exclusions in SECTION I. C. Exclusions apply to this Additional Coverage.

(3) If you can not accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:

(a) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss takes place; and

(b) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss takes place or for any demonstrated variance from the average for that month.

(4) The following will be deducted from the total amount of accounts receivable, regardless of the method used to establish that amount:

(a) The amount of the accounts for which there is no loss;

(b) The amount of the accounts that you are able to re-establish or collect;

(c) An amount to allow for probable bad debts that you are normally unable to collect; and

(d) All unearned interest and service charges.

The most we will pay per loss due to any Covered Cause of Loss per premises described in the Schedule of Premises is \$25,000 or the Limit of Insurance shown in the Property Coverage Part Declarations for Accounts Receivable, whichever is greater.

**b. "Business Income," "Extra Expense," Action By Civil Authority, and "Expediting Expense."**

The following additional coverages; "Business Income," Extended Business Income, "Extra Expense," Action By Civil Authority, and "Expediting Expense," apply when a Covered Time Period is shown in the Property Coverage Part Declarations for "Business Income" and "Extra Expense."

(1) "Business Income." We will pay the actual loss of "business income" you sustain due to the necessary suspension of your "operations" during the "period of restoration." The suspension must be caused by direct physical loss to Property (other than those items listed in SECTION I. A. 2.), including Property Off Premises, and result from any Covered Cause of Loss.

If you occupy only part of the site at which the premises are located, for

this additional coverage your premises means:

- (a) The portion of the building which you rent, lease or occupy; and
- (b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

We will only pay for loss of "business income" that takes place within the Covered Time Period shown in the Property Coverage Part Declarations, after the date of direct loss. This period is not limited by the expiration date of this policy.

If direct physical loss to Property (other than those items listed in SECTION I. A. 2.) described in SECTION I. A. 1. a. Building (8) and SECTION I. A. 4. k. Newly Acquired or Constructed Property delays the start of "operations," the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss had not taken place.

We will reduce the amount of payment for your loss of "business income" to the extent that you can resume your "operations" in whole or in part by using damaged or undamaged property, including merchandise or "stock," at the described premises or elsewhere.

We will not pay for loss of "business income" caused by direct physical loss to Electronic Media or Records after the longer of:

- (a) 90 consecutive days from the date of direct physical loss; or

- (b) 30 days after the "period of restoration" of other property damaged in the loss, but not exceeding the Covered Time Period shown in the Property Coverage Part Declarations, from the date of such direct physical loss.

Electronic Media and Records are:

- (a) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
- (b) Data stored on such media; or
- (c) Programming records used for electronic data processing or electronically controlled equipment.

Examples of the above limitation:

Example No. 1:

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until November 1 to restore the data that was lost when the damage took place. We will only pay for the loss of "business income" sustained during the period June 1 - October 1. Loss during the period October 2 - November 1 is not covered.

Example No. 2:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on November 15. We will only pay for the loss of "business income" sustained during the period August 1 - October 29 (90 consecutive days). Loss during the period October 30 - November 15 is not covered.

(2) Extended Business Income. If the necessary suspension of your "operations" produces a "business income" loss payable under this policy, we will pay for the actual loss of "business income" you incur during the period that:

(a) Begins on the date property except finished stock is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

i. The date you could restore your "operations" with reasonable speed, to the level which would generate the Business Income that would have existed if no direct physical loss had occurred; or

ii. 45 consecutive days after the date determined in SECTION I. A. 4. b. (2) (a) above.

(3) "Extra Expense." We will pay necessary "extra expense" you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss to Property (other than those items listed in SECTION I. A. 2.) described in SECTION I. A. 4. b. (1) above, caused by or resulting from a Covered Cause of Loss.

If you occupy only part of the site at which the premises are located, for this additional coverage your premises means:

(a) The portion of the building which you rent, lease or occupy; and

(b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

We will also pay necessary "extra expense" incurred immediately after the "period of restoration" but not to exceed 45 consecutive days.

We will only pay for "extra expense" you incur within the Covered Time Period shown in the Property Coverage Part Declarations after the date of direct physical loss. This period is not limited by the expiration date of this policy.

(4) Action By Civil Authority. We will pay for the actual loss of "business income" you sustain and necessary "extra expense" caused by action of civil authority that prohibits access to the described premises due to direct physical loss to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss.

The coverage for "business income" will begin 24 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins.

The coverage for necessary "extra expense" will begin immediately after the time of that action and ends:

(a) Three consecutive weeks after the time of that action; or

(b) when your "business income" coverage ends;

whichever is later.

(5) We will not pay for any increase of loss caused by or resulting from:

(a) Delay in rebuilding, repairing or replacing the property or resuming "operations" due to interference at the location of the rebuilding, repair or replacement by strikers or other persons;

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations" we will cover such loss that affects your "business income" during the "period of restoration"; or

(c) Any other consequential loss.

(6) "Expediting Expenses." We will pay the necessary "expediting expenses" that you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss to property described in SECTION 1. A. 4. b. (1) above, caused by or resulting from a Covered Cause of Loss.

If you occupy only part of the site at which the premises are located, for this Additional Coverage, your premises means:

(a) The portion of the building which you rent, lease or occupy; and

(b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

We will only pay for "expediting expenses" you incur within the Covered Time Period shown in the

Property Coverage Part Declarations after the date of direct physical loss. This period is not limited by the expiration date of this policy.

#### c. Counterfeit Currency and Money Orders.

We will pay for loss due to:

(1) The acceptance in good faith, in exchange for merchandise, "money" or services, of any post office or express money order, issued or purporting to have been issued by any national or state chartered bank, post office or express company, if such money order is not paid upon presentation; or

(2) The acceptance in good faith in the regular course of business of counterfeit United States or Canadian paper currency.

The most we will pay per loss under this Additional Coverage is \$25,000.

#### d. Debris Removal Additional Limit of Insurance.

(1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that takes place during the policy period, if the sum of loss and debris removal expense exceeds:

(a) The amount payable under the 25% limitation in the Coverage Extensions; or

(b) The Limit of Insurance;

then we will pay up to an additional \$15,000 or the Limit of Insurance shown in the Property Coverage Part Declarations for Debris Removal Additional Limit of Insurance, for each

location per loss for debris removal, whichever is greater.

- (2) This coverage does not apply to expense to:

(a) Extract, remove, neutralize, test or otherwise respond to "pollutants" in, under or on land or water; or

(b) Remove, restore or replace polluted land or water.

- (3) We will pay the expense only if it is reported to us in writing within 180 days of the earlier of:

(a) The date of direct physical loss; or

(b) The end of the policy period.

Please also see Coverage Extensions for Debris Removal in SECTION I. A. 3. c.

**e. Depositor's Forgery.**

- (1) We will pay for direct loss to covered instruments caused by or resulting from forgery or alteration of, on or in any covered instrument.

Covered instrument means checks, drafts, promissory notes or similar written promises, orders, or directions to pay a sum certain in money which are:

(a) Made or drawn by or upon you; or

(b) Made or drawn by one acting as your authorized representative.

- (2) You must include with your statement of loss any instrument involved in that loss.

The most we will pay per loss under this Additional Coverage is \$25,000 or the Limit of Insurance shown in the

Property Coverage Part Declarations for Depositor's Forgery, whichever is greater.

**f. Fire Department Service Charge.**

When a fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay for your liability for fire department service charges:

(1) Assumed by contract or agreement prior to a loss; or

(2) Required by local ordinance.

The most we will pay per loss under this Additional Coverage is \$25,000. This Additional Coverage for Fire Department Service Charge does not apply to the cost of "pollutant" cleanup.

**g. Building Glass.**

- (1) We will pay for direct physical loss to all exterior and interior building glass (other than glass held for sale) caused by a Covered Cause of Loss, including all lettering and ornamentation, located at the premises described in the Schedule of Premises and:

(a) Owned by you; or

(b) Owned by others but in your care, custody or control and you are contractually obligated to insure and replace such building glass.

We will also pay for any resulting:

(a) Necessary expenses incurred to put up temporary plates or board up openings;

(b) Repair or replacement of encasing frames; and



- (c) Expenses incurred to remove and replace obstructions to the replacement of building glass.

(2) The following exclusions apply to this Additional Coverage:

- (a) We will not pay for loss caused by or resulting from:
  - i. wear and tear, corrosion, rust; or
  - ii. hidden or latent defect;
- (b) SECTION I. C. 1. a. Water;
- (c) SECTION I. C. 1. b. Earth Movement;
- (d) SECTION I. C. 1. c. Government Action;
- (e) SECTION I. C. 1. d. Nuclear Hazard;
- (f) SECTION I. C. 1. f. War and Military Action; and

No other exclusions in SECTION I. C. Exclusions apply to this Additional Coverage.

**h. Demolition Cost Coverage and Increased Cost of Construction Coverage.**

- (1) This Additional Coverage only applies to buildings or Tenants Improvements and Betterments insured on a replacement cost basis or on a functional replacement cost basis.

(2) Demolition Cost Coverage.

If a Covered Cause of Loss occurs to covered Building property or Tenants Improvements and Betterments at the premises designated in the Property Coverage Part Declarations, we will

pay the cost to demolish and clear the site of undamaged parts of the property caused by the enforcement of building, zoning or land use ordinance or law.

(3) Increased Cost of Construction Coverage.

If a Covered Cause of Loss occurs to the covered Building property or Tenants Improvements and Betterments at the premises designated in the Property Coverage Part Declarations, we will pay for the increased cost to:

- (a) Repair or reconstruct damaged portions of that building property; and/or
- (b) Reconstruct or remodel undamaged portions of that Building property, whether or not demolition is required,

when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law.

However:

- 1. This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- 2. We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.
- (4) The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, for



each building, described in the Schedule of Premises, is \$100,000 or the Limit of Insurance for Demolition Cost and Increased Cost of Construction shown in the Property Coverage Part Declarations, whichever is greater. Subject to this Limit of Insurance, the following loss payment provisions apply:

(a) For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the undamaged parts of the property.

(b) For Increased Cost of Construction:

i. We will not pay for the increased cost of construction:

Until the property is actually repaired or replaced, at the same premises; and

Unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years. We may extend this period in writing during the two years.

ii. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the same premises.

iii. If the ordinance or law requires relocation to another premises, the most we will

pay for the Increased Cost of Construction is the increased cost of construction at the new premises.

(5) Under this Additional Coverage we will not pay for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."

(6) Under this Additional Coverage we will not pay for loss due to the enforcement of any ordinance or law that:

(a) You were required to comply with before the loss, even if the building was undamaged; and

(b) You failed to comply with.

**i. Inventory to Substantiate a Loss.**

When a Limit of Insurance is shown in the Property Coverage Part Declarations for Business Personal Property at the premises where the loss takes place, we will pay the expense to take inventory required to substantiate loss due to any Covered Cause of Loss.

The most we will pay per loss under this Additional Coverage is \$1,000.

**j. "Money" and "Securities."**

(1) We will pay for loss of "money" and "securities" owned by your business occurring:

(a) While at a bank or savings institution;

(b) Within your residence or the residence of your partners,

officers, or any employee having custody of the "money" and "securities";

(c) At the premises described in the Schedule of Premises; or

(d) In transit.

The loss must be caused by the following:

(a) "Theft";

(b) Disappearance; or

(c) Destruction.

(2) In addition to any exclusions applicable to Covered Property, the following exclusions apply to this Additional Coverage. We will not pay for loss caused by or resulting from any of the following:

(a) Accounting or arithmetical errors or omissions;

(b) Giving or surrendering of any property in any exchange or purchase; or

(c) Forgery or alteration of checks; and

(d) We will not pay for property contained in any money-operated device unless the amount of money deposited in it is recorded by a continuous recording instrument in the device.

(3) The most we will pay for loss is:

(a) Inside the Premises - \$10,000 or the Limit of Insurance shown in the Property Coverage Part Declarations, whichever is greater, for "money" and "securities" while:

i. in or on the premises described in the Schedule of Premises; or

ii. within a bank or savings institution; and

(b) Outside the Premises - \$5,000 or the Limit of Insurance shown in the Property Coverage Part Declarations, whichever is greater, for "money" and "securities" while anywhere else.

#### **k. Newly Acquired or Constructed Property.**

(1) The insurance that applies to SECTION I. A. 1. a. Buildings also applies to:

(a) Your new buildings or structures being built on the premises shown in the Schedule of Premises and intended for similar occupancy; and

(b) Buildings or structures you acquire at locations other than the premises shown in the Schedule of Premises intended for:

i. similar use by you as the building or structure described in the Schedule of Premises; or

ii. use as a warehouse.

The most we will pay for loss to newly acquired or constructed property is \$1,000,000 at each location.

(2) The insurance that applies to your Business Personal Property also applies to your business personal property within buildings or structures at any location you acquire except any job site if your business is that of a

contractor. The most we will pay for loss is \$500,000 at each location.

- (3) Automatic insurance under this Additional Coverage for each newly acquired or constructed Building or structure and your Business Personal Property contained therein will end when any of the following first takes place:

(a) 180 consecutive days expire after you acquire or begin construction on the property;

(b) You report the values to us; or

(c) This policy expires.

- (4) We will charge you additional premium for values reported from the date:

(a) Construction begins; or

(b) You acquire the property.

#### **I. Outdoor Trees, Shrubs, Plants and Lawns.**

We will pay for loss to outdoor trees, shrubs, plants and lawns due to any Covered Cause of Loss.

The most we will pay per loss is \$3,000 or the Limit of Insurance for Outdoor Trees, Shrubs, Plants and Lawns shown in the Property Coverage Part Declarations, whichever is greater.

Debris removal because of loss to outdoor trees, shrubs, plants and lawns is included within the above limits.

#### **m. Personal Effects.**

When a Limit of Insurance is shown in the Property Coverage Part Declarations for Business Personal Property at the premises where loss takes place or the Business Personal Property is usually situated, we

will pay for loss of Personal effects owned by you, your officers, your partners or your employees while located in or on the building described in the Schedule of Premises or at some temporary location or job site because of work related to your business. The most we will pay for loss under this Additional Coverage due to any Covered Cause of Loss is \$25,000.

#### **n. "Pollutant" Cleanup.**

- (1) We will pay your expense to remove "pollutants" from land or water at the premises described in the Schedule of Premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" takes place during the policy period and is caused by or results from a Covered Cause of Loss.

- (2) We will pay the expense under SECTION I. A. 4. n. (1) above only if it is reported to us in writing within 180 days of the earlier of:

(a) The date of direct physical loss; or

(b) The end of the policy period.

The most we will pay per loss as a result of a Covered Cause of Loss under this Additional Coverage is \$10,000 for each location described in the Schedule of Premises, but not more than \$25,000 for each location described in the Schedule of Premises for the sum of all covered expenses during each separate 12 month period of this policy. Continuous or repeated exposure to substantially the same general harmful conditions will be considered one loss.

#### **o. Property Off Premises.**

When a Limit of Insurance is shown in the Property Coverage Part Declarations for Business Personal Property, we will pay for

loss to Business Personal Property including "contractors' tools and equipment" and "contractors' materials," but not including:

- (1) "Money" and "securities";
- (2) "Valuable papers and records"; and
- (3) "Valuable records which exist on electronic or magnetic media";

while such property is off the premises described in the Schedule of Premises. When a Limit of Insurance is shown in the Property Coverage Part Declarations for Building, we will pay for loss to Building items off the premises described in the Schedule of Premises for repair or restoration.

The most we will pay per loss due to any Covered Cause of Loss under this Additional Coverage is \$25,000 or the Limit of Insurance shown in the Property Coverage Part Declarations for Property Off Premises, whichever is greater, but not more than \$1,500 for any one item of "contractors' tools and equipment."

**p. Refilling Fire Extinguishing Equipment.**

We will pay your expense to refill, retrofit or recharge fire extinguishing systems and portable fire extinguishing equipment, including automatic sprinkler, halon, carbon dioxide, or any special agent extinguishing system.

The most we will pay under this Additional Coverage is:

- (1) \$10,000 after an intentional discharge to control or reduce loss by fire; or
- (2) \$5,000 after an accidental discharge.

**q. "Valuable Papers and Records" and "Valuable Records Which Exist On Electronic or Magnetic Media."**

- (1) We will pay for direct physical loss to "valuable papers and records," and "valuable records which exist on electronic or magnetic media" caused by a Covered Cause of Loss, including "valuable papers and records" of others and "valuable records which exist on electronic or magnetic media" of others in your care, custody or control while such property is on or off the premises described in the Schedule of Premises.

- (2) The following exclusions apply to this Additional Coverage:

- (a) We will not pay for loss caused by or resulting from any errors or omissions in processing or copying;
- (b) SECTION I. C. 1. c. Government Action;
- (c) SECTION I. C. 1. d. Nuclear Hazard;
- (d) SECTION I. C. 1. f. War and Military Action;
- (e) SECTION I. C. 2. e. Dishonesty; and
- (f) SECTION I. C. 2. h. False Pretense.

No other exclusions in SECTION I. C. Exclusions apply to this Additional Coverage.

The most we will pay per loss due to any Covered Cause of Loss under this Additional Coverage is \$25,000 or the Limit of Insurance shown in the Property Coverage Part Declarations for "valuable papers and records" and "valuable records

which exist on electronic or magnetic media," whichever is greater.

**r. Catastrophe Allowance.**

Catastrophe Allowance coverage applies only if the Property Claims Services publicly designates a catastrophe number to an event (e.g., hurricane, blizzards, hailstorms) that causes direct physical loss to Covered Property at the premises described in the Schedule of Premises resulting from any Covered Cause of Loss. We will inform you if the Property Claims Services makes such designation to an event relating to a claim you submit to us.

The most we will pay under this Additional Coverage is \$10,000 for Catastrophe Allowance. This limit will be applied to insurance provided under this Coverage Part if applicable limits are not enough to compensate you for the loss that you incur. This limit may be extended in the aggregate for any one coverage or for any combination of coverages.

This Additional Coverage may not be used to cover the deductible amount of this or any other policy.

**s. Employee Dishonesty (Including ERISA)**

(1) We will pay for direct loss to Business Personal Property, "money" and "securities" resulting from dishonest acts committed by any of your employees acting, alone or in collusion with other persons (except you or your partner), with the manifest intent to:

- (a) Cause you to sustain loss; and
- (b) Obtain financial benefit for any employee or any other person or organization. Salaries, commissions, fees, bonuses,

promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment shall not constitute such financial benefit.

Employees include persons employed by an employment contractor while such persons are performing services for you inside the premises described in the Schedule of Premises and are subject to your direction and control.

Agents, brokers, factors, commission merchants, consignees, independent contractors or representatives of the same general character are not employees.

- (2) In compliance with certain provisions of the Employee Retirement Income Security Act (ERISA):
  - (a) Each of the plans named in the Property Coverage Part Declarations is added as an Insured for coverage provided by this Additional Coverage, but only for loss sustained by any Employee Welfare or Pension Benefit Plan (hereinafter called Plan) subject to ERISA.
  - (b) For purposes of this coverage, "employee" also includes any natural person who is:
    - i. A trustee, an officer, employee, administrator or a manager, except an administrator or a manager who is an independent contractor, of any Plan insured under this Additional Coverage, and
    - ii. Your director or trustee while that person is handling funds or other